

Docket No.: 07-0165
Bench date: 10-11-07
Deadline: None

M E M O R A N D U M

TO: The Commission

FROM: Larry Jones, Administrative Law Judge

DATE: September 27, 2007

SUBJECT: Illinois Commerce Commission
On Its Own Motion
-vs-
Central Illinois Light Company d/b/a AmerenCILCO; Central
Illinois Public Service Company d/b/a AmerenCIPS; Illinois
Power Company d/b/a AmerenIP ("Ameren" or "Ameren
Companies")

Investigation, pursuant to Section 9-250 of the Public Utilities
Act, of Electric Rate Design.

RECOMMENDATION: Entry of the attached order approving rate design changes.

Introduction

As the Commission is aware, this contested proceeding was initiated for the purpose of considering rate design changes to alleviate the bill impacts on some customers, particularly residential space-heating customers, which occurred after the end of the rate freeze on January 1, 2007.

A proposed order was issued on July 31. Briefs on exceptions ("BOE") and reply briefs on exceptions ("RBOE") were filed by several parties. In their BOEs and RBOEs, parties were permitted to address the potential effects of Senate Bill 1592 ("S.B. 1592") on the issues in the instant docket.

Under a cover memorandum dated August 17, 2007, a post-exceptions order was on the Commission's agenda on August 29, 2007. Additions and other changes made to the proposed order were identified in track-changes format in the August 29 order. Those revisions have been "accepted" in the attached order dated October 11, 2007.

October 11 Order

Subsequent to distribution of the August 29 order, Senate Bill 1592 was signed and enacted into law as Public Act 95-0481 ("PA 95-0481"). The attached order dated October 11 contains revisions which update and clarify the August 29 order to reflect the fact that S.B. 1592 has been signed into law. Those revisions to the August 29 order are shown in track-changes format.

Bottom-line conclusions are unchanged from the August 29 order, except for the effective date of the "demand rate limiter" to the delivery service charges paid by grain dryers and other customers in the Rate 3 and 4 classes. For tariffs affecting space-heating customers, the January 1, 2008 implementation date appearing in the August 29 order has not been changed.

Issues

There were a number of parties and contested issues in the docket. Several issues are summarized below. It is noted that each of the "analysis and conclusions" sections of the order identifies the issue and sets forth a brief recap of parties' positions.

Rate impacts occurring after January 1, 2007, are discussed in Section III of the order.

Rate redesign proposals for residential and small non-residential customers are addressed in Section V of the order. As explained in the conclusions in Section V.E, the order would adopt the primary proposal advanced by Staff and Ameren. This complicated proposal involves a modification to interclass revenue allocations for supply service, and several changes in intra-class rate structures in both the delivery and supply services rates. The intent is to provide rate relief to those customers who have faced the largest increases, particularly electric space-heating customers, while ensuring that other customer groups are not unduly impacted by these rate mitigation measures.

The estimated effect of the Staff and Ameren rate design proposal on space-heating customers for each of the Ameren Companies is to bring their percentage increases in line with other customers in the residential class, thereby reducing the increases experienced in the winter months of 2007 by more than half. The estimated bill impacts are shown in a table in Section V.A.1.b of the order and in Ameren Exhibit 4.1 filed August 9, 2007.

Rate design proposals for larger customers are discussed in Section VI of the proposed order. In Section VI.F, the order would approve a contested proposal by Ameren, Staff and the Grain and Feed Association of Illinois for implementation, under certain circumstances, of a "demand rate limiter" to the delivery service charges paid by grain dryers and other customers in the Rate 3 and 4 classes. The intent is to prevent

large bill increases driven by the effect of demand charges in the delivery service component of their bills.

Implementation Date

Ameren and Staff remain in disagreement over the implementation date for certain of the rate design changes for residential and small non-residential customers, as discussed in Section VII. Ameren recommends an implementation date of January 1, 2008. Staff's proposal was to make changes to supply charges effective October 1, 2007, while changes applicable to delivery charges would take effect January 1, 2008.

In its BOE, Ameren argues that the amount of S.B. 1592-generated rate relief to be received by space-heating customers in the last three months of 2007 will be sufficient to eliminate the need to implement the 07-0165 rate design changes prior to January 2008. In a late-filed exhibit submitted on August 9, Exhibit 4.1, Ameren provided a table comparing estimated customer bill impacts, at several non-summer usage levels, resulting from the Staff/Ameren redesign proposal only, Senate Bill 1592 relief only, and the combination of the two. A condensed version of the table is contained in Section VII.C of the order. Additional information about the effects of Senate Bill 1592 is contained in Appendix A to Ameren's BOE.

On this close question, the October 11 order continues to recommend approval of a January 1, 2008 implementation date for the reasons explained therein, on the condition that the amount, distribution and form of relief provided in the last three months of 2007 is similar to that shown in Ameren Exhibit 4.1 and Exhibit A to Ameren's BOE. If the condition is not met, then an implementation date of December 1 would apply. It is noted that the proposed order dated July 31, which was issued before S.B. 1592 impacts were analyzed by parties, had recommended an October 1 implementation date for changes in supply charges.

If the Commission wants to consider other options for an implementation date applicable to rate design changes for residential and small non-residential customers, it is noted that the recommendation in the ComEd order in 07-0166 is for an effective date of December 1.

With respect to the effective date of the "demand rate limiter" to the delivery service charges paid by grain dryers and other customers in the Rate 3 and 4 classes, the October 11 order would require Ameren to file those tariffs within three working days.

LMJ/lw